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2009 Medicaid Transformation Program Review
Growth in Spending on Medical Services for the Disabled

Description

A program review of medical services provided to aged and disabled Kansans through Medicaid was published in 2009. That review provided an overview of these two populations, including a cost analysis of the highest medical expenditures in this group. In summary, the aged and disabled population in Kansas accounts for 33% of the Medicaid population, but 67% of total Medicaid spending. Almost half, 47%, of the growth in Medicaid from FY 2007 to FY 2009 can be attributed to the aged and disabled; 39% attributed to the disabled and 6% to the aged. The current review continues an analysis of the costs of medical services for two categories within the disabled population: Supplemental Security Income (SSI), and the Medically Needy (MS). This analysis excludes the elderly and focuses on the disabled population ages 64 and under. All data analyzed for this review covers a three year period from Fiscal Year (FY) 2007-2009.

The main distinction between the two eligibility classifications is whether or not the person qualifies for Social Security Income (SSI). SSI disabled persons have very few resources and qualify for medical coverage based on income requirements. The SSI program pays monthly benefits to disabled adults and children who have very limited income and have a medical or mental disability. Medically Needy, or MS disabled persons do not qualify for Social Security benefits but because of overwhelming medical costs, generally referred to as “spending down”, they qualify for Medicaid medical coverage. The MS population may include adults with dependent children, elderly or disabled individuals. As noted in the previous program review, some medically needy beneficiaries also receive Medicare coverage, and receive pharmacy coverage through Medicare Part D. This portion of the disabled population is often referred to as being “dual-eligible.” This may offset or significantly reduce their ability to spend-down their income as quickly, and may cause lapses in their Medicaid eligibility.

The Medicaid program plays an important role for persons with disabilities, and is the largest single insurer of this group of people in the state of Kansas. People with disabilities are more likely to be enrolled in Medicaid than the general population; and are less likely to have private health insurance (Medicaid Resource Book, 2002).

Overall Service Utilization and Expenditures for the Disabled

Data show the greatest expenditures across all Medicaid eligible disabled Kansans are:

- Inpatient services
- Pharmacy
- Physicians

- Outpatient services
- Local Education Agency (LEA) early childhood intervention
- Durable medical equipment

Inpatient services represent the highest costs among the SSI disabled category while pharmacy is the second highest cost driver. In the MS category, the top medical expenses include: inpatient services, pharmacy, and Medicare premiums and co-pays.

In general, the SSI disabled population expenditures have been more than three times higher than the MS disabled population's expenditures. SSI expenditures have averaged $304.3 million per year over the past three fiscal years while expenditures from the MS population have averaged $90.5 million per year over the same time period. In 2009 the SSI population accounted for 76% of total disabled expenditures while they accounted for 62% of total patient services and 54% of total disabled beneficiaries. Table 1 shows expenditure and growth by fiscal year and population group.

Table 1

Total Disabled Population Expenditure by Population Group

Population Group	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure 2009
MS Disabled	$ 83,933,279.22	$ 88,996,369.45	6.0%	$ 98,700,963.72	10.9%
SSI Disabled	$ 286,146,301.86	$ 305,114,388.86	6.6%	$ 321,542,311.67	5.4%
Total Expenditure	***$ 373,746,460.11***	***$ 398,553,339.53***	***6.6%***	***$ 425,400,632.06***	***6.7%***

Nationally, while aged and disabled beneficiaries make up only 25% of the population, they account for nearly 70% of all Medicaid spending. In Kansas, during FY 2008, these two groups accounted for about 33% of the population and 67% of total Medicaid spending. This is due in part because long term care services such as nursing homes and community based services are expensive, and the aged and disabled are the costliest groups of people covered under Medicaid (Congressional Research 2008). While long-term care plays a significant role in driving the costs for the disabled, it is important to note that acute care spending is also greater for this group of beneficiaries than it is for children, pregnant women and parents.

Over the past three fiscal years the SSI disabled population in Kansas averaged 46,000 members, while the MS population averaged 25,900 members. Table 2 shows enrollment numbers and growth, by population group and fiscal year.

Table 2

Total Kansas Disabled Population Member Count by Population Group

Population Group	FY 2007 Member Count	FY 2008 Member Coun	Year Over Year Growth in Member Count 2008	FY 2009 Member Count	Year Over Year Growth in Member Count 2009
MS Disabled	24,236	25,843	6.6%	27,748	7.4%
SSI Disabled	44,345	45,998	3.7%	47,846	4.0%
Total Patients	79,044	83,939	6.2%	89,226	6.3%

Data from 2007-2009 show that across the population of all disabled Kansans receiving Medicaid, 43% of their total expenses are for inpatient hospital, and 31% are for pharmacy claims. The data reflects that the highest expenditures for the SSI and MS population are inpatient hospital services, pharmacy, and physician services. Tables 3, 4, and 5 display total expenditures for these three categories of service in the disabled population over the past three fiscal years.

Table 3

Kansas Disabled Population Inpatient Hosptial Expenditures Fiscal Years 2007 through 2009

Population	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure	Total Inpatient Expenditure FY 07-09	Percentage of Disabled Inpatient Expenditure FY 07-09
SSI Disabled	$ 103,041,299.09	$ 117,363,163.18	$ 111,716,136.78	$ 332,120,599.05	73.7%
MS Disabled	$ 36,011,875.78	$ 37,488,404.52	$ 41,384,779.70	$ 114,885,060.00	25.5%
Disabled Population Total Inpatient Expenditure	$ 140,039,635.51	$ 155,968,915.21	$ 154,512,488.56	$ 450,521,039.28	100.0%

Table 4

Kansas Disabled Population Pharmacy Expenditures Fiscal Years 2007 through 2009

Population	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure	Total Inpatient Expenditure FY 07-09	Percentage of Disabled Pharmacy Expenditure FY 07-09
SSI Disabled	$ 82,228,543.06	$ 93,537,604.73	$ 102,638,734.20	$ 278,404,881.99	84.2%
MS Disabled	$ 14,645,388.00	$ 17,302,459.72	$ 19,002,572.13	$ 50,950,419.85	15.4%
Disabled Population Total Pharmacy Expenditure	$ 97,241,050.94	$ 111,249,094.19	$ 122,173,692.93	$ 330,663,838.06	100.0%

Table 5

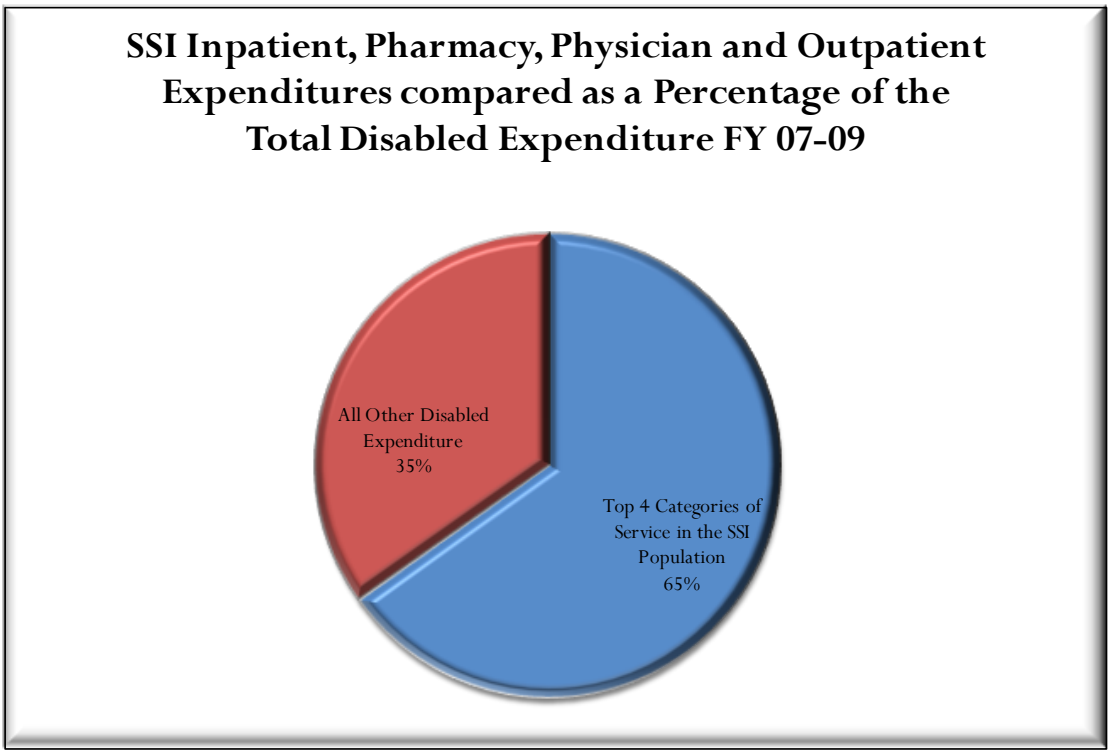
Kansas Disabled Population Physician Services Expenditures Fiscal Years 2007 through 2009

Population	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure	Total Inpatient Expenditure FY 07-09	Percentage of Disabled Pharmacy Expenditure FY 07-09
SSI Disabled	$ 35,862,158.82	$ 36,826,453.86	$ 40,814,447.91	$ 113,503,060.59	73.8%
MS Disabled	$ 11,078,643.28	$ 12,331,712.90	$ 13,389,443.94	$ 36,799,800.12	23.9%
Disabled Population Total Pharmacy Expenditure	$ 47,942,766.83	$ 50,302,735.07	$ 55,486,963.78	$ 153,732,465.68	100.0%

SSI Service Utilization and Expenditures

Comprising the largest of the disabled populations, costs related to the care of SSI disabled persons naturally drive disabled expenditures overall. To place perspective on the extent to which these services drive expenses, Figure 1 displays the percentages for the top four categories of service in the SSI population compared to all other disabled expenditures. These categories include inpatient services, pharmacy, physician and outpatient services, and are compared to total expenditures for all disabled Kansans in Medicaid.

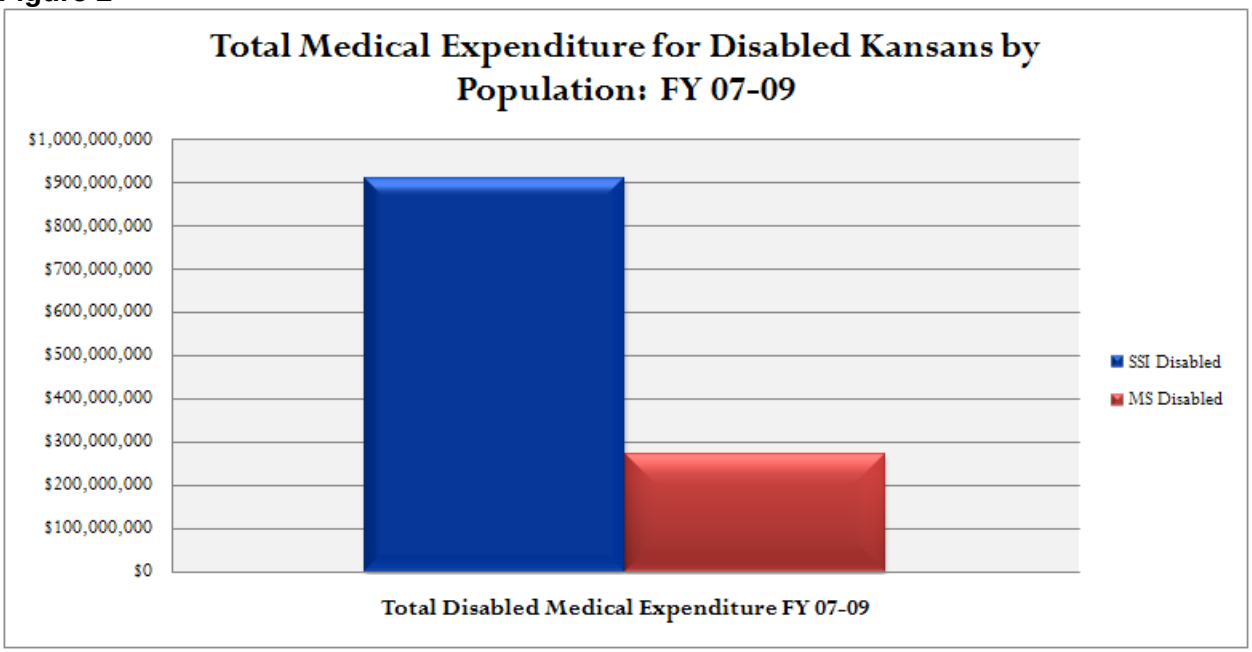
Figure 1



These four categories of service are almost twice as large as all other expenditures combined for the SSI population

Figure 2 shows SSI expenditures alone, in comparison to MS expenditures.

Figure 2



Approximately 80% of SSI beneficiaries are 19-64 years of age and roughly 80% of the SSI expenditure comes from beneficiaries who are in this age group. By age breakdown there were 9,400 beneficiaries in the 40-49 year age range and 10,200 beneficiaries ages 50-59. These two groups comprise 53% of all SSI beneficiaries. These age groups are not only the largest, but also more expensive to serve, when compared to the rest of the SSI disabled population. Though they are 53% of the total SSI population, they represent 61% of SSI expenditures. Tables 6 and 7 show total expenditure and number of beneficiaries in the SSI population by age group.

Table 6

SSI Disabled Total Expenditure by Age Group

Age Group	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure: FY 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure: FY 2009
5 Years of Age and Younger	$ 19,613,688.29	$ 22,454,110.41	14.5%	$ 23,479,289.74	4.6%
6 to 18 Years of Age	$ 39,024,221.96	$ 32,043,686.03	-17.9%	$ 37,888,623.71	18.2%
19 to 29 Years of Age	$ 32,910,144.69	$ 38,005,614.97	15.5%	$ 38,641,526.28	1.7%
30 to 39 Years of Age	$ 29,313,408.09	$ 30,934,228.54	5.5%	$ 31,361,704.80	1.4%
40 to 49 Years of Age	$ 62,500,929.20	$ 65,082,599.18	4.1%	$ 66,729,907.76	2.5%
50 to 59 Years of Age	$ 77,674,622.21	$ 87,983,338.37	13.3%	$ 92,278,713.95	4.9%
60 to 64 Years of Age	$ 25,037,553.58	$ 28,561,031.70	14.1%	$ 31,121,173.09	9.0%
65 Years of Age and Older	$ 71,733.84	$ 49,779.66	-30.6%	$ 41,372.34	-16.9%
Total SSI Disabled Expenditure	*$ 286,146,301.86*	*$ 305,114,388.86*	*6.6%*	*$ 321,542,311.67*	*5.4%*

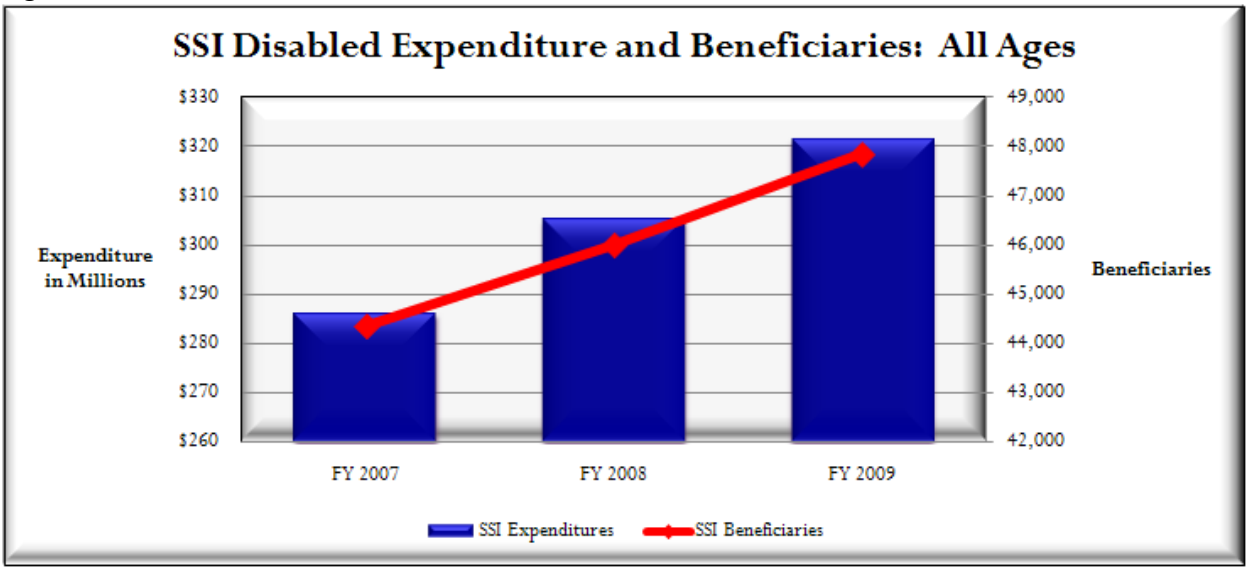
Table 7

SSI Disabled Total Member Count by Age Group

Age Group	FY 2007 Member Count	FY 2008 Member Count	Year Over Year Growth in Member Count: FY 2008	FY 2009 Member Count	Year Over Year Growth in Member Count: FY 2009
5 Years of Age and Younger	2,043	2,053	0.5%	2,098	2.2%
6 to 18 Years of Age	6,780	6,910	1.9%	7,239	4.8%
19 to 29 Years of Age	7,269	7,595	4.5%	7,975	5.0%
30 to 39 Years of Age	5,988	6,051	1.1%	6,271	3.6%
40 to 49 Years of Age	9,389	9,444	0.6%	9,389	-0.6%
50 to 59 Years of Age	9,351	10,214	9.2%	10,954	7.2%
60 to 64 Years of Age	3,413	3,611	5.8%	3,805	5.4%
65 Years of Age and Older	112	120	7.1%	115	-4.2%
Total SSI Disabled Members	*44,345*	*45,998*	*3.7%*	*47,846*	*4.0%*

Growth in expenditures for the SSI population outpaces the growth in the number of members. Figure 3 shows this growth in expenditures slowing; however, expenditures are still increasing faster than membership. From 2007-2008, the number of SSI beneficiaries increased by 3.7% while their expenditures increased by 6.6%. From 2008- 2009, SSI beneficiaries increased by 4.0% while expenditures increased 5.4%.

Figure 3



The most expensive group of members within the SSI population are children ages five and under. These children are born with severe medical conditions that require highly specialized hospital care. While the average expenditure per member in the general SSI population was $6,606, the average expenditure per member in the 5 years of age and younger group was $10,576 per member. Table 8 displays the average expenditure per member for the SSI disabled population by age group.

Table 8

SSI Disabled Expenditure Per Member by Age Group

Age Group	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure: FY 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure: FY 2009
5 Years of Age and Younger	$ 9,600.43	$ 10,937.22	13.9%	$ 11,191.27	2.3%
6 to 18 Years of Age	$ 5,755.78	$ 4,637.29	-19.4%	$ 5,233.96	12.9%
19 to 29 Years of Age	$ 4,527.47	$ 5,004.03	10.5%	$ 4,845.33	-3.2%
30 to 39 Years of Age	$ 4,895.36	$ 5,112.25	4.4%	$ 5,001.07	-2.2%
40 to 49 Years of Age	$ 6,656.82	$ 6,891.42	3.5%	$ 7,107.24	3.1%
50 to 59 Years of Age	$ 8,306.56	$ 8,613.99	3.7%	$ 8,424.20	-2.2%
60 to 64 Years of Age	$ 7,335.94	$ 7,909.45	7.8%	$ 8,179.02	3.4%
65 Years of Age and Older	$ 640.48	$ 414.83	-35.2%	$ 359.76	-13.3%
Average SSI Disabled Expenditure Per Member	*$ 6,452.73*	*$ 6,633.21*	*2.8%*	*$ 6,720.36*	*1.3%*

The rate at which the growth in expenditures outpaced the growth in membership slowed from 2008 to 2009, however expenditures continue growing. This is due in part to the services these beneficiaries receive which are more costly. The utilization of these medical services is also higher. Many people in the disabled population have chronic medical conditions. The increasing costs of the services and the increasing rate at which the SSI population are using them are driving overall costs upward.

Inpatient Hospital and Pharmacy Services

In comparison to the total disabled population, 53% of total medical expenditures for disabled Kansans are attributable to inpatient hospital and pharmacy services for the SSI population ($610.5 million of the $1.2 billion budget).

Table 9 shows the top ten expenditures within the SSI population.

Table 9

SSI Disabled Top 10 Categories of Service by Total Expenditure: All Age Groups

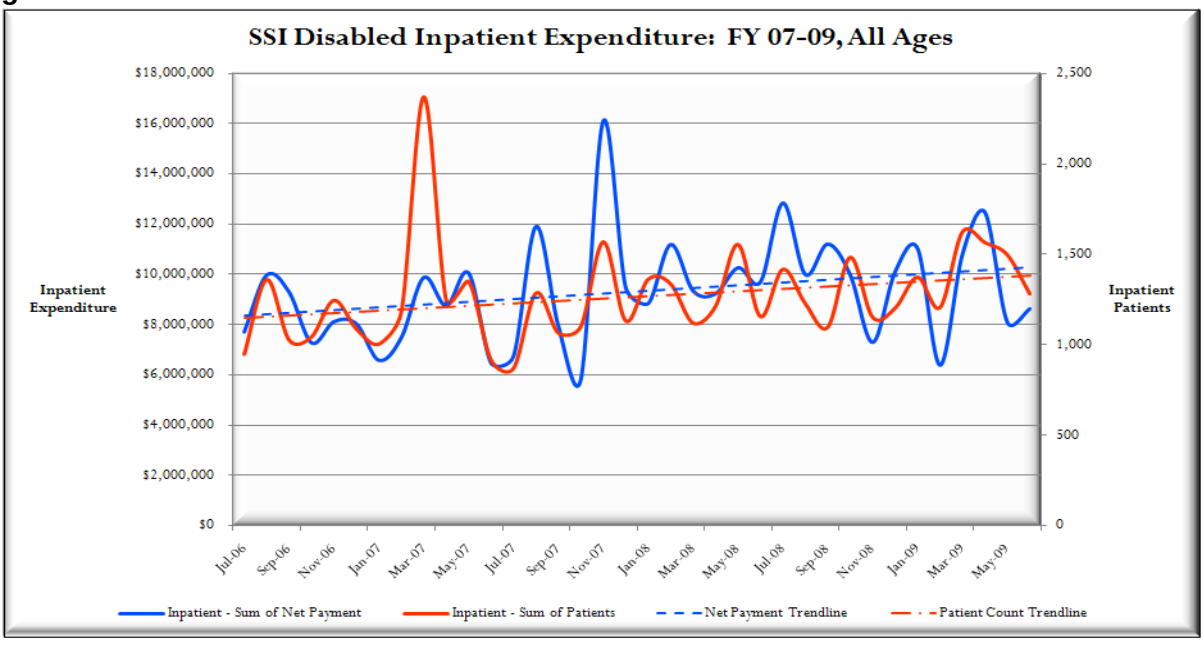
Category of Service	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure: Fy 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure: Fy 2009
Inpatient Hospital	$ 103,041,299.09	$ 117,363,163.18	13.9%	$ 111,716,136.78	-4.8%
Pharmacy	$ 82,228,543.06	$ 93,537,604.73	13.8%	$ 102,638,734.20	9.7%
Physicians	$ 35,862,158.82	$ 36,826,453.86	2.7%	$ 40,814,447.91	10.8%
Outpatient Hospital	$ 16,829,040.97	$ 18,077,906.42	7.4%	$ 21,339,367.37	18.0%
LEA/Early Childhood Intervention	$ 16,423,610.50	$ 7,146,394.29	-56.5%	$ 9,136,244.79	27.8%
Durable Medical Equipment	$ 8,480,287.08	$ 9,543,641.15	12.5%	$ 10,274,691.93	7.7%
Home Health Agency	$ 6,553,664.72	$ 5,935,001.71	-9.4%	$ 5,966,559.49	0.5%
NAMT	$ 2,801,403.51	$ 2,843,449.47	1.5%	$ 3,001,812.74	5.6%
Hospice	$ 2,538,234.51	$ 2,471,541.77	-2.6%	$ 2,755,199.27	11.5%
Rural Health Clinic Services	$ 2,232,425.73	$ 2,255,654.31		$ 2,474,289.74	
Total Top 10 Expenditure	*$ 276,990,667.99*	*$ 296,000,810.89*	*6.9%*	*$ 310,117,484.22*	*4.8%*

*LEA/Early Childhood intervention includes medical services such as Occupational and Physical Therapy that are provided to children in a school setting.

**NAMT is an acronym for Non-Ambulance Medical Transportation, now known as Non-Emergency Transportation (NEMT).

Figure 4 displays inpatient expenditure and patient counts on a monthly basis, trending over the past three fiscal years.

Figure 4



Inpatient hospital stays are paid based on DRG (Diagnosis Related Groups). These are fixed payment amounts based on the combination of diagnoses that are present during the hospital admission. While month to month numbers fluctuate greatly in the graph above, the trend line for inpatient costs is beginning to increase slightly faster than the trend line for numbers of patients.

An analysis of pharmacy expenditures by therapeutic drug class shows that mental health prescription drugs are by far the largest pharmacy expenditure among SSI beneficiaries. Almost 30% of all pharmacy expenditures are for such drugs. Figure 5 shows expenditures for four of the most common drug classes.

Figure 5

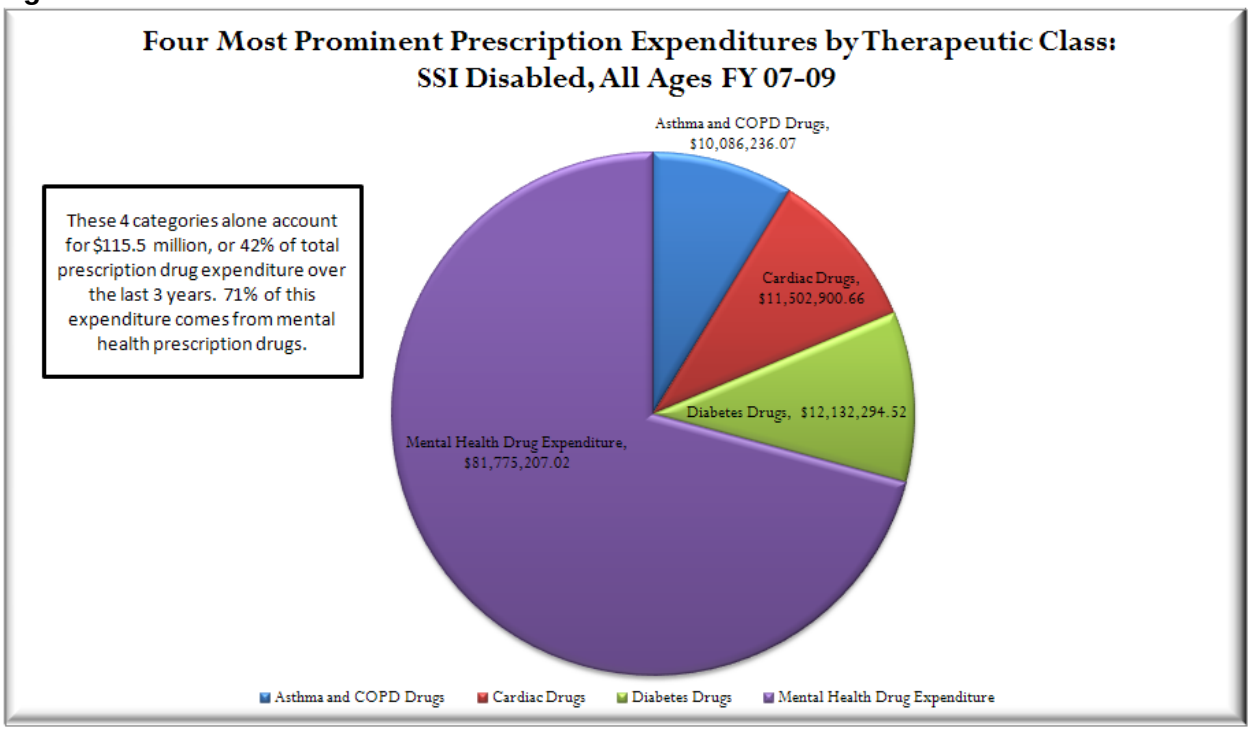
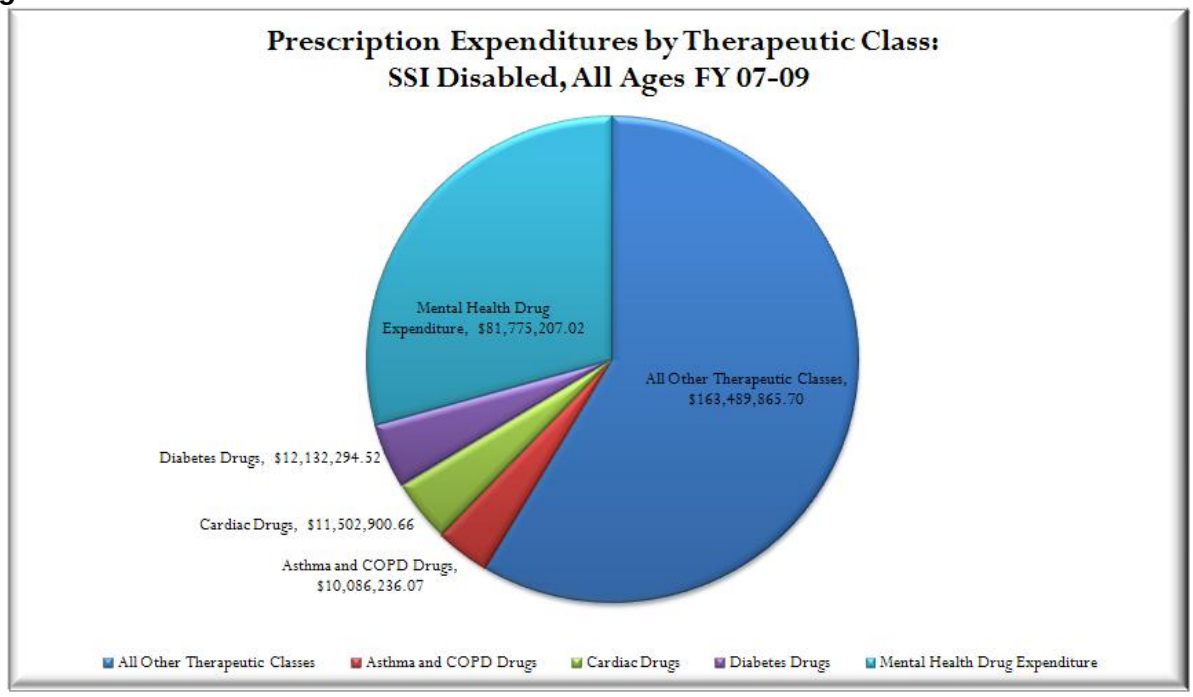


Figure 6 shows expenditures for the same four therapeutic classes in comparison to all other pharmacy expenditures for the SSI disabled population.

Figure 6



Yearly expenditure for mental health drugs averaged $27.3 million over the past three fiscal years. Both numbers of prescriptions and prescription drug costs are increasing in the SSI disabled population. Table 10 shows the growth in expenditures and prescription counts.

Table 10

SSI Disabled Prescription Expenditure by Therapeutic Class

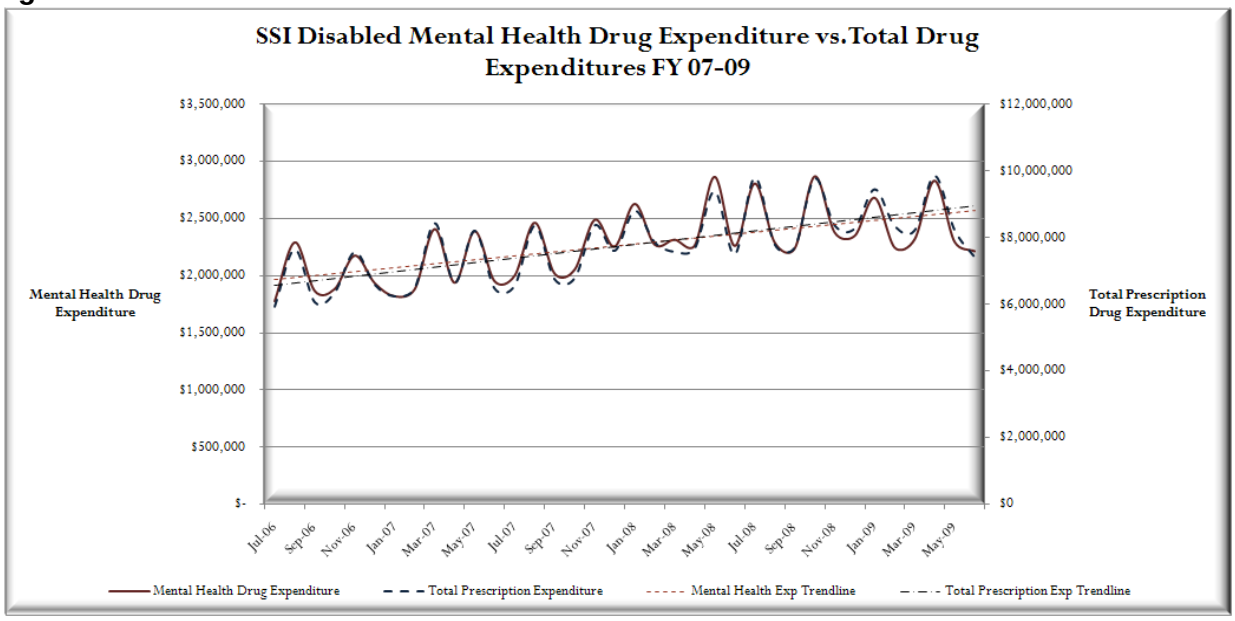
Therapeutic Class	FY 07 Expenditure	FY 08 Expenditure	Year Over Year Growth in Expenditure FY 2008	FY 09 Expenditure	Year Over Year Growth in Expenditure FY 2008
Asthma and COPD Drugs	$ 2,783,476.81	$ 3,306,117.90	18.8%	$ 3,996,641.36	20.9%
Cardiac Drugs	$ 3,829,094.84	$ 3,745,417.43	-2.2%	$ 3,928,388.39	4.9%
Diabetes Drugs	$ 3,582,483.45	$ 3,895,042.41	8.7%	$ 4,654,768.66	19.5%
Mental Health Drugs	$ 24,328,608.70	$ 27,905,715.87	14.7%	$ 29,540,882.45	5.9%
All Other Therapeutic Classes	$ 48,153,706.97	$ 54,335,359.88	12.8%	$ 61,000,798.85	12.3%

SSI Disabled Prescription Count by Therapeutic Class

Therapeutic Class	FY 07 Prescriptions	FY 08 Prescriptions	Year Over Year Growth in Prescriptions FY 2008	FY 09 Prescriptions	Year Over Year Growth in Prescriptions FY 2008
Asthma and COPD Drugs	41,655	47,494	14.0%	52,849	11.3%
Cardiac Drugs	143,220	158,150	10.4%	171,406	8.4%
Diabetes Drugs	51,565	56,153	8.9%	60,270	7.3%
Mental Health Drugs	186,090	210,439	13.1%	232,050	10.3%
All Other Therapeutic Classes	704,629	797,280	13.1%	876,714	10.0%

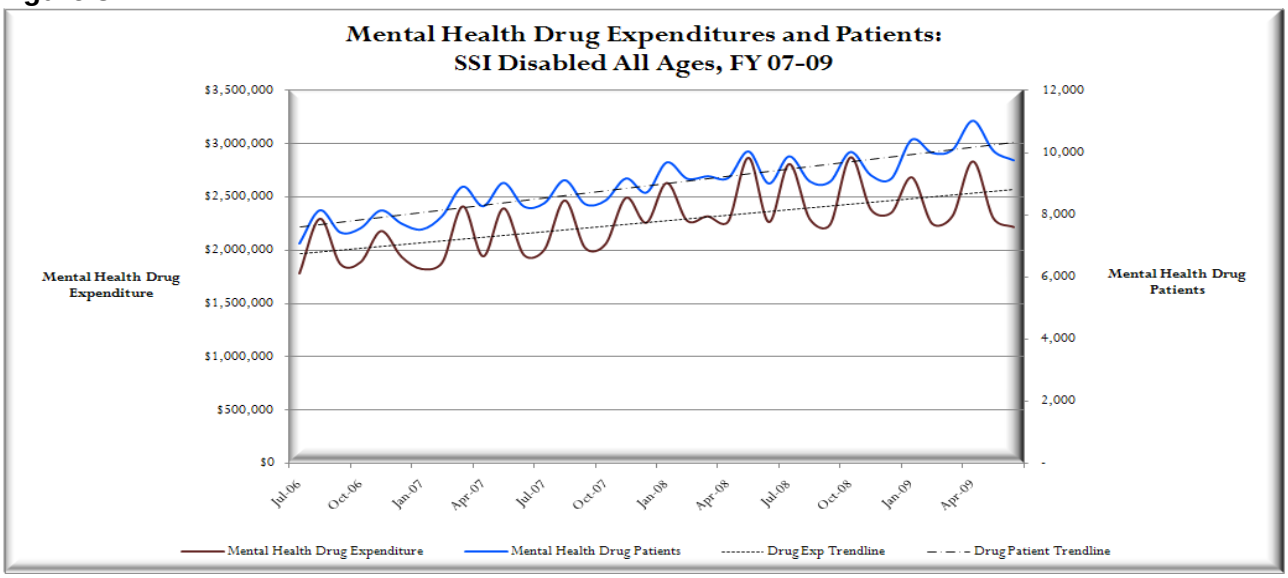
Figure 7 shows monthly mental health drug expenditures which further demonstrate the trends in prescription drugs for the SSI population. This graph also shows that overall pharmacy expenditures for this population mirror the increase in overall mental health drug expenditures.

Figure 7



The increase in the number of patients taking mental health drugs naturally increases expenditures in this population. Figure 8 shows the growth in mental health drug expenditures compared to the growth in patients taking mental health drugs. The number of patients taking these drugs is increasing slightly faster than expenditures.

Figure 8



The average number of prescriptions per member remained relatively unchanged from 2007-2009. The average price per prescription rose in 2008 and decreased in 2009, while total

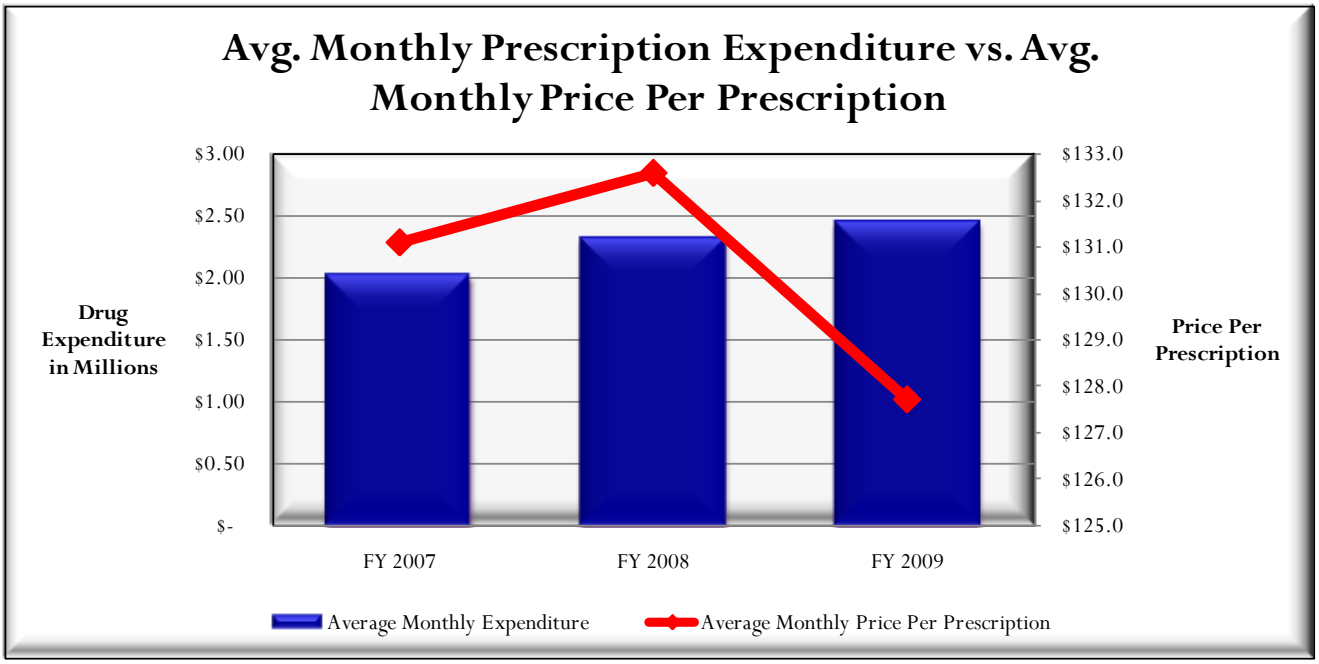
expenditures for mental health drugs in the SSI population increased both years. Table 11 and Figure 9 compare the average price of drugs to the average number of members in comparison to expenditures.

Table 11

Mental Health Drug Expenditure Key Metrics: SSI Disabled, All Ages

Mental Health Averages	FY 2007	FY 2008	FY 2009
Average Monthly Price Per Prescription	$ 131.09	$ 132.59	$ 127.71
Average Monthly Price Per Patient	$ 252.53	$ 256.18	$ 250.32
Average Monthly Expenditure	$ 2,027,384.06	$ 2,325,476.32	$ 2,461,740.20
Average Monthly Prescriptions	15,508	17,537	19,338
Average Monthly Patients	$ 8,016.67	$ 9,055.50	$ 9,833.83
Average Monthly Prescriptions Per Patient	2	2	2

Figure 9



Six out of the top ten prescription drugs in the SSI population over the past three years are anti-psychotic medications. Many of the people in the SSI population take multiple mental health drugs simultaneously. Table 12 shows the top ten overall prescription drugs in the SSI population.

Table 12

Top 10 Prescriptions Sorted by Overall Expenditure: SSI Disabled

Drug Name	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure
ABILIFY*	$ 3,932,171.68	$ 4,551,645.78	$ 5,756,400.11
SEROQUEL*	$ 4,866,341.26	$ 5,296,446.84	$ 5,322,343.64
PREVACID	$ 3,166,838.02	$ 4,142,629.70	$ 4,367,850.76
ZYPREXA*	$ 2,729,272.00	$ 2,865,793.54	$ 3,241,794.35
GEODON*	$ 1,865,945.36	$ 2,262,950.40	$ 2,572,458.58
TOPAMAX	$ 1,850,891.43	$ 2,166,962.58	$ 2,059,332.33
RISPERDAL CONSTA*	$ 1,485,674.99	$ 1,673,381.26	$ 2,008,966.16
LIPITOR	$ 1,348,558.02	$ 1,377,127.99	$ 1,389,689.35
LAMICTAL	$ 2,032,474.45	$ 2,530,490.94	$ 473,452.00
RISPERDAL*	$ 1,485,674.99	$ 1,673,381.26	$ 2,008,966.16
Top 10 Subtotal	$ 24,763,842.20	$ 28,540,810.29	$ 29,201,253.44
*Big 6 Subtotal	$ 16,365,080.28	$ 18,323,599.08	$ 20,910,929.00
Total SSI Prescription Expenditure	$ 82,228,543.06	$ 93,537,604.73	$ 102,638,734.20
*denotes Mental Health Drug in Big 6			
Top 10 Percentage of Total Expenditure	**30.1%**	**30.5%**	**28.5%**
Big 6 Percentage of Total Prescription Expenditure	**19.9%**	**19.6%**	**20.4%**

The top ten prescriptions in the SSI population account for approximately 30% of the overall prescription expenditure on a yearly basis. Six of these ten account for 20% of all prescription expenditures. As shown above, overall price per prescription in the SSI population is declining while total expenditure continues to rise. The number of prescriptions and patients using mental health drugs in the Big 6 has decreased from 2007-2009. However, the price per prescription shows a steady increase. Figures 10 and 11 depict the overall prescriptions and number of patients using the Big 6 drugs, and the pricing of those drugs.

Figure 10

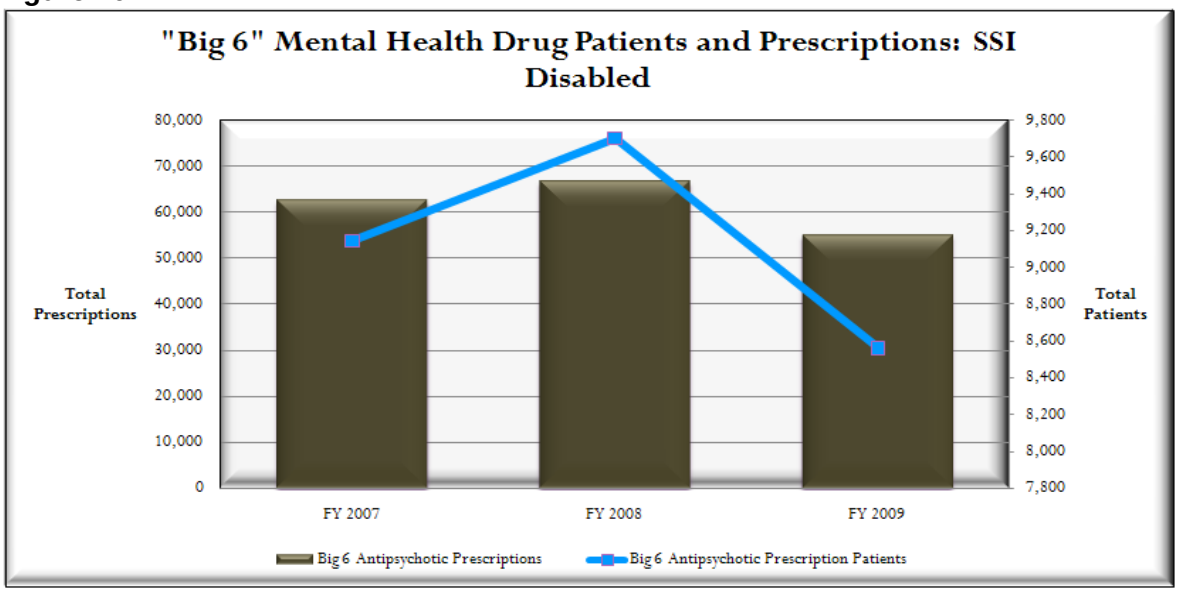
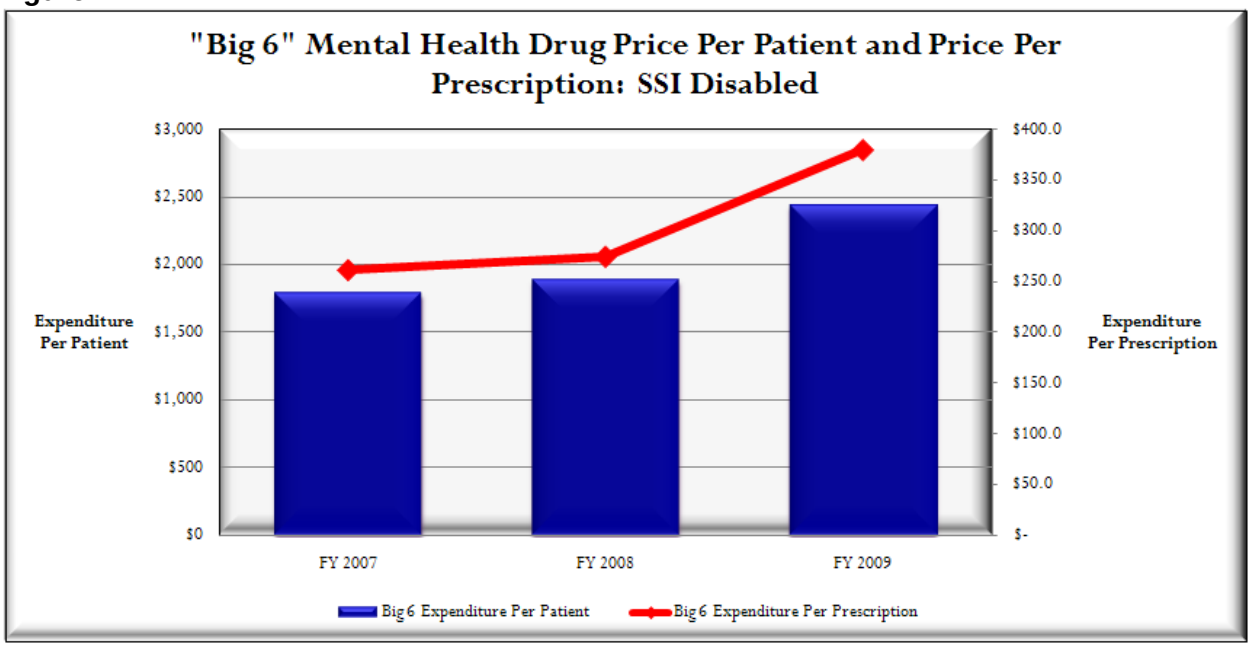


Figure 11



These graphs in combination indicate that the driving force behind the rising expenditure for prescription drugs in the SSI population is the prices of the most popular mental health drugs.

Table 13 lists the expenditures per drug for the top ten prescription drugs in the SSI population. These expenditures do not include manufacturer's rebates.

Table 13

Top 10 Prescription Drug Expenditures Per Prescription: SSI Disabled

Drug Name	FY 07 Price Per Prescription	FY 08 Price Per Prescription	FY 09 Price Per Prescription
ABILIFY	$ 375.31	$ 388.07	$ 402.12
SEROQUEL	$ 254.18	$ 258.43	$ 264.70
PREVACID	$ 141.45	$ 146.18	$ 138.92
ZYPREXA	$ 396.35	$ 405.86	$ 447.70
GEODON	$ 250.90	$ 284.76	$ 299.37
TOPAMAX		$ 243.62	$ 243.08
RISPERDAL CONSTA	$ 661.77	$ 605.20	$ 572.19
LIPITOR	$ 87.46	$ 88.33	$ 92.30
LAMICTAL		$ 218.47	$ 156.67
RISPERDAL		$ 100.12	$ 1,629.33
Top 10 Average Price Per Prescription	$ 209.78	$ 217.67	$ 258.44

Impact of Chronic Health Conditions and Co-morbidities

As reported in the 2008 program review of the aged and disabled populations, contributing to the high cost of providing coverage to these beneficiaries is not only the nature of their disabilities and complex needs, but also the fact that many have multiple chronic conditions (Kronick, Bella, Gilmer, Somers, 2007). Data reported by the Center for Health Care Strategies

(CHCS) show that beneficiaries with three or more chronic conditions are responsible for a significant portion of the nation's Medicaid spending and that for people with disabilities, each additional chronic condition is associated, on average, with an increase in costs of approximately $8,400 per year. (Kronick, et al, 2007).

KHPA reviewed claims data for SSI beneficiaries with certain chronic conditions. Individually, the most expensive chronic condition is diabetes. $15.3 million has been spent annually for treatment of episodes of care related to diabetes. An episode of care is "used to describe and measure the various health care services and encounters rendered in connection with identified injury or period of illness." The costs associated with these services and encounters include care provided during a specific course of treatment such as:

- Initial diagnosis from the primary care provider
- Inpatient or outpatient services
- Follow up appointments with the care provider
- Any medically necessary therapies or treatment protocols related to the diagnosis
- Drugs used during treatment

For this analysis, "mental health" is divided into three categories: bipolar, schizophrenia, and depression. Combining these three into one category of "Mental Health" it is the single largest chronic condition in the SSI population. Expenditures treating episodes of mental health average $26.9 million per year. In this group, expenditures for patients that have at least one episode of care related to hypertension are the most prevalent. This group is followed closely by patients that had at least one episode of care related to diabetes. Table 14 shows the leading chronic disease conditions in order of expenditure for the SSI disabled population.

Table 14

SSI Top 10 Expenditures by Episode of Care

Episode of Care	FY 2007 Expenditure	FY 2008 Expenditure	FY 2009 Expenditure	Total Expenditure FY 07-09	Total Prescription Expenditure FY 07-09	Percentage of Prescription Expenditure to Total Expenditure
*Mental Health	$ 27,331,984.46	$ 27,948,456.66	$ 25,429,905.88	$ 80,710,347.00	$ 54,236,938.15	67.2%
Diabetes	$ 13,473,004.54	$ 16,429,622.65	$ 16,056,291.31	$ 45,958,918.50	$ 21,417,341.72	46.6%
Pneumonia, Bacterial	$ 9,170,313.90	$ 11,240,091.51	$ 9,079,037.22	$ 29,489,442.63	$ 394,497.16	1.3%
Condition Rel to Tx - Med/Surg	$ 7,041,859.30	$ 6,856,392.35	$ 9,387,913.08	$ 23,286,164.73	$ 634,620.02	2.7%
Coronary Artery Disease	$ 7,058,563.07	$ 7,884,605.52	$ 8,237,678.03	$ 23,180,846.62	$ 1,433,100.51	6.2%
Hematologic Disord, Congenital	$ 4,933,442.21	$ 8,697,230.91	$ 7,834,314.34	$ 21,464,987.46	$ 14,426,462.35	67.2%
Osteoarthritis	$ 6,376,728.24	$ 7,205,978.30	$ 7,525,585.79	$ 21,108,292.33	$ 6,184,585.66	29.3%
Hypertension, Essential	$ 6,965,772.26	$ 6,380,672.91	$ 6,312,566.93	$ 19,659,012.10	$ 6,413,409.61	32.6%
Epilepsy	$ 6,770,662.41	$ 6,386,025.71	$ 4,580,158.70	$ 17,736,846.82	$ 11,376,301.37	64.1%
Chronic Obstruc Pulm Dis(COPD)	$ 5,045,598.49	$ 5,585,844.73	$ 6,227,090.22	$ 16,858,533.44	$ 4,040,688.28	24.0%
Top 10 Subtotal	$ 94,167,928.88	$ 104,614,921.25	$ 100,670,541.50	$ 299,453,391.63	$ 120,557,944.83	40.3%
SSI Total Exenditure	$ 286,146,301.86	$ 305,114,388.86	$ 321,542,311.67	$ 912,803,002.39		
Top 10 Episodes of Care % of Total SSI Expenditure	*32.9%*	*34.3%*	*31.3%*	*32.8%*		

Mental Health Episodes of Care	FY 2007 Expenditure	FY 2008 Expenditure	FY 2009 Expenditure	Total Expenditure FY 07-09	Total Prescription Expenditure FY 07-09	Percentage of Prescription Expenditure to Total Expenditure
Mental Hlth - Bipolar Disorder	$ 11,346,423.47	$ 11,915,934.47	$ 10,510,331.56	$ 33,772,689.50	$ 25,604,413.57	75.8%
Mental Hlth - Schizophrenia	$ 11,152,089.89	$ 11,051,346.45	$ 11,200,172.32	$ 33,403,608.66	$ 22,913,912.26	68.6%
Mental Hlth - Depression	$ 4,833,471.10	$ 4,981,175.74	$ 3,719,402.00	$ 13,534,048.84	$ 5,718,612.32	42.3%
Total Mental Health Expenditure	$ 27,331,984.46	$ 27,948,456.66	$ 25,429,905.88	$ 80,710,347.00	$ 54,236,938.15	67.2%

Many SSI beneficiaries experience more than one chronic health condition. The most prevalent condition in the SSI population is hypertension. Table 15 shows three years of expenditures for SSI enrollees who had at least one episode of care related to hypertension. It also lists additional services and expenditures related to other co-morbidities among this population.

Table 15

SSI Disabled Hypertension Patients Expenditure by Episodes of Care

Episode of Care	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure
*Mental Health	$ 19,470,626.53	$ 10,545,687.92	$ 6,858,631.14
Diabetes	$ 8,933,706.96	$ 10,459,032.98	$ 9,670,361.45
Mental Hlth - Schizophrenia	$ 10,451,819.31	$ 6,997,382.24	$ 6,858,631.14
Hypertension, Essential	$ 8,277,959.76	$ 7,269,614.69	$ 7,160,513.93
Pneumonia, Bacterial	$ 4,505,617.72	$ 5,807,120.88	$ 6,002,822.42
Coronary Artery Disease	$ 5,208,510.50	$ 5,407,204.51	$ 5,417,332.81
Condition Rel to Tx - Med/Surg	$ 4,547,452.49	$ 3,898,230.61	$ 3,579,839.59
Renal Function Failure	$ 3,572,006.44	$ 3,804,726.71	$ 3,977,878.37
Osteoarthritis	$ 3,379,792.86	$ 3,822,380.31	$ 3,690,618.09
Infec/Inflam - Skin/Subcu Tiss		$ 5,681,519.28	$ 4,869,995.61
Mental Hlth - Depression	$ 3,552,531.06	$ 3,548,305.68	
Mental Hlth - Bipolar Disorder	$ 5,466,276.16		
Cerebrovascular Disease			$ 3,699,274.31
Total Expenditure	$ 57,895,673.26	$ 56,695,517.89	$ 54,927,267.72
Total SSI Population Expenditure	$ 286,412,407.71	$ 306,144,449.37	$ 321,739,482.70
Hypertension Patients Percentage of SSI Total Expenditure	20.2%	18.5%	17.1%

Among enrollees who had at least one episode of care related to hypertension, $57.9 million was spent in 2007 for their medical services. Only $8.3 million of that was spent directly treating hypertension, which tells us that hypertension expenditures are not the highest cost driver for hypertensive patients. When reviewing the episodes of care related to hypertensive patients, the top two expenditures are treatment of diabetes $29 million, followed by treatment for mental health - schizophrenia $24.3 million. When analysis of mental health episodes is consolidated, a different picture emerges. Combining schizophrenia, depression and bi-polar disorder into one category of mental health, a three year expenditure of just less than $37 million is realized. This is $8 million higher than the diabetes expenditure for these beneficiaries. As shown above, mental health conditions are the most predominately treated co-morbidity associated with diabetes and hypertension. Among hypertension patients, mental health treatment exceeds the cost of treatment for hypertension.

Conversely, as shown in Table 16, the primary expenditure among diabetes patients is diabetes related care. The total combined expenditures for mental health disorders over three years are approximately $30 million. Therefore, mental health care is the second leading category of service for SSI beneficiaries with a diabetes diagnosis, totaling about 20% of expenditures.

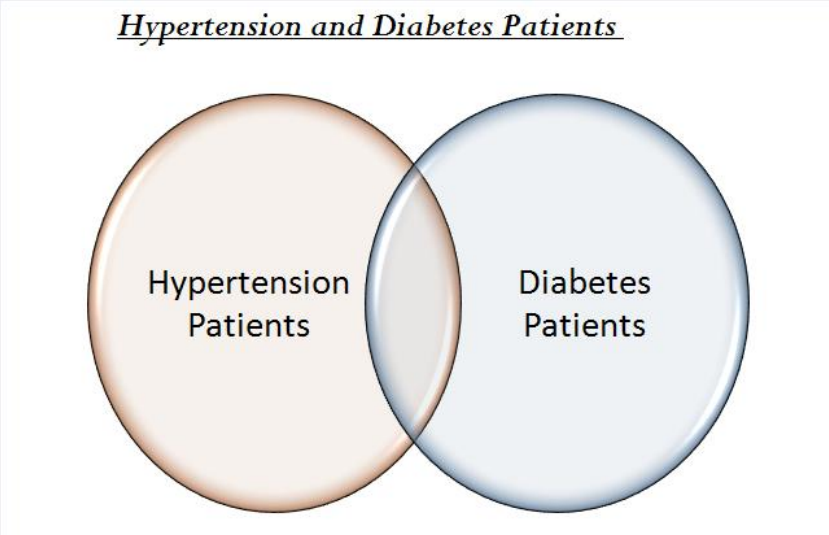
Table 16

SSI Disabled Diabetes Patients Expenditure by Episodes of Care

Episode of Care	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure
*Mental Health	$ 14,461,090.60	$ 10,650,256.31	$ 4,917,227.58
Diabetes	$ 15,758,609.36	$ 18,078,677.22	$ 17,599,448.54
Mental Hlth - Schizophrenia	$ 7,910,255.11	$ 5,147,486.72	$ 4,917,227.58
Infec/Inflam - Skin/Subcu Tiss	$ 4,089,968.31	$ 5,703,397.89	$ 4,364,837.17
Pneumonia, Bacterial	$ 4,106,881.89	$ 4,293,006.98	$ 4,156,101.39
Coronary Artery Disease	$ 4,127,257.39	$ 3,752,721.62	$ 4,138,178.87
Hypertension, Essential	$ 3,678,536.60	$ 2,828,879.71	$ 3,185,540.33
Condition Rel to Tx - Med/Surg	$ 3,115,907.88	$ 2,990,364.12	$ 3,353,517.37
Renal Function Failure	$ 2,652,392.87	$ 2,422,917.42	$ 2,474,299.74
Mental Hlth - Bipolar Disorder	$ 3,776,999.09	$ 2,688,455.65	
Mental Hlth - Depression	$ 2,773,836.40	$ 2,814,313.94	
Chronic Obstruc Pulm Dis(COPD)			$ 2,157,424.34
Osteoarthritis			$ 2,050,514.94
Total Expenditure	$ 51,990,644.90	$ 50,720,221.27	$ 48,397,090.27
Total SSI Population Expenditure	$ 286,412,407.71	$ 306,144,449.37	$ 321,739,482.70
Diabetes Patients Percentage of SSI Total Expenditure	18.2%	16.6%	15.0%

In order to compare true hypertensive patient expenditures to diabetic patient expenditures the costs associated with persons with both diagnoses must be removed and remaining expenses analyzed. Figure 12 depicts the area of overlap that must be removed for comparison.

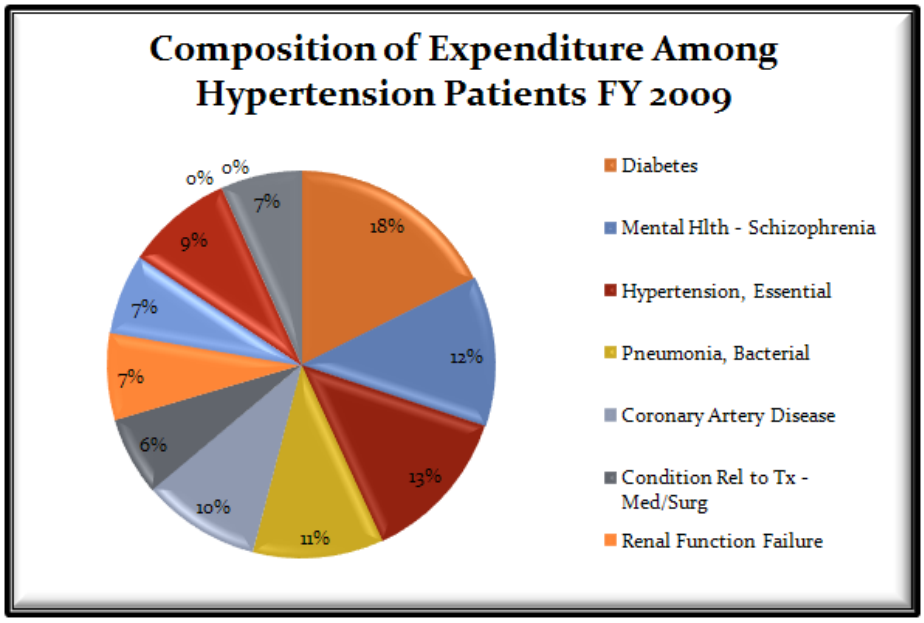
Figure 12



After removing expenditures for individuals with both diagnoses, two mutually exclusive groups emerge for comparison. In Figures 13 and 14, the expenditure breakout of hypertension patients and diabetes patients are shown. Note that *treatment* costs related to hypertension still

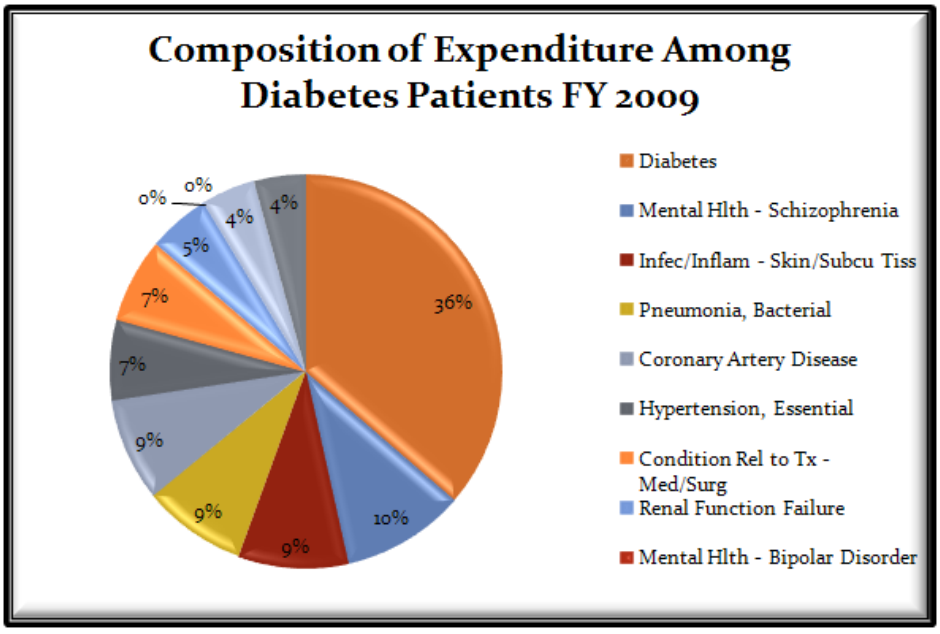
appear in the diabetic group, even though this group has been stripped of those with a diagnosis of hypertension (and vice versa for the hypertension group).

Figure 13



In 2009 only 13% of the expenditures for hypertensive patients were spent solely treating episodes of hypertension, while expenditures treating only episodes of diabetes among diabetic patients were 36%. Examining these two compositions shows that expenditures related to treatment are much more focused for the diabetic population. The diagnoses criteria for hypertension and diabetes have changed over the years. The classification for labeling patients as either a hypertensive or a diabetic patient affects the growth of the population and the amount spent for treatment as well as the level of the treatment received.

Figure 14



MS Service Utilization and Expenditures

During the past three fiscal years, the MS disabled population accounted for 23% of the expenditures across the total Kansas disabled population. This beneficiary group accounted for 30% of the total disabled patient services and 31% of total disabled beneficiaries.

The average number of MS beneficiaries was 25,942 per year. The 40-49 year and the 50-59 year age groups comprise the largest number of beneficiaries. Table 17 shows the breakout by age for the MS disabled population. While the 40-59 age range has the largest number of people, the fastest growing population are children five years of age and younger. This group grew 46.3% in 2008 and 44.2% in 2009, more than doubling its size in two years.

Table 17

MS Disabled Total Member Count by Age Group

Age Group	FY 2007 Member Count	FY 2008 Member Count	Year Over Year Growth in Member Count: FY 2008	FY 2009 Member Count	Year Over Year Growth in Member Count: FY 2009
5 Years of Age and Younger	240	351	46.3%	506	44.2%
6 to 18 Years of Age	3,936	4,393	11.6%	4,966	13.0%
19 to 29 Years of Age	1,213	1,233	1.6%	1,320	7.1%
30 to 39 Years of Age	2,412	2,446	1.4%	2,543	4.0%
40 to 49 Years of Age	5,678	5,821	2.5%	5,808	-0.2%
50 to 59 Years of Age	7,175	7,721	7.6%	8,463	9.6%
60 to 64 Years of Age	3,543	3,828	8.0%	4,077	6.5%
65 Years of Age and Older	39	50	28.2%	65	30.0%
Total MS Disabled Member Count	***24,236***	***25,843***	***6.6%***	***27,748***	***7.4%***

In combination, the age groups between 40 and 59 represent 52.3% of all MS beneficiaries, and 50.9% of all MS expenditures. This data indicates that the equivalent age demographic in the MS group is less expensive than in the SSI group, relative to the size of their respective population. This is most likely due to members who are eligible for both Medicare and Medicaid and the fact that a portion of their healthcare costs are paid by Medicare. Table 18 shows the expenditure breakdown by age in the MS disabled population.

Table 18

MS Disabled Disabled Total Expenditure by Age Group

Age Group	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure: FY 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure: FY 2009
5 Years of Age and Younger	$ 576,302.69	$ 762,776.12	32.4%	$ 1,980,228.90	159.6%
6 to 18 Years of Age	$ 15,710,139.54	$ 15,000,785.12	-4.5%	$ 16,972,939.15	13.1%
19 to 29 Years of Age	$ 4,548,999.56	$ 4,684,996.06	3.0%	$ 6,265,411.35	33.7%
30 to 39 Years of Age	$ 5,735,089.24	$ 7,102,496.67	23.8%	$ 7,577,502.27	6.7%
40 to 49 Years of Age	$ 18,437,844.44	$ 17,569,661.24	-4.7%	$ 19,669,418.04	12.0%
50 to 59 Years of Age	$ 24,415,833.12	$ 27,650,845.94	13.2%	$ 30,457,804.18	10.2%
60 to 64 Years of Age	$ 14,504,158.00	$ 16,214,421.70	11.8%	$ 15,768,586.76	-2.7%
65 Years of Age and Older	$ 4,912.63	$ 10,386.60	111.4%	$ 9,073.07	-12.6%
Total MS Disabled Expenditure	***$ 83,933,279.22***	***$ 88,996,369.45***	***6.0%***	***$ 98,700,963.72***	***10.9%***

The MS population expenditure by category of service follows the same pattern as the SSI population. However, the growth in inpatient hospital expenditure is increasing at a faster pace than that of the SSI population. Inpatient services for the MS population increased by 1.8% and

6.1%, respectively, year over year. The inpatient expenditure for the MS population increased 4.1% and 10.4%, respectively, during the same time frame. Tables 19 and 20 display the expenditures and patient services provided by category of service in the MS disabled population.

Table 19

MS Disabled Top 10 Categories of Service by Total Expenditure: All Age Groups

Category of Service	FY 2007 Expenditure	FY 2008 Expenditure	Year Over Year Growth in Expenditure: Fy 2008	FY 2009 Expenditure	Year Over Year Growth in Expenditure: Fy 2009
Inpatient Hospital	$ 36,011,875.78	$ 37,488,404.52	4.1%	$ 41,384,779.70	10.4%
Pharmacy	$ 14,645,388.00	$ 17,302,459.72	18.1%	$ 19,002,572.13	9.8%
Physicians	$ 11,078,643.28	$ 12,331,712.90	11.3%	$ 13,389,443.94	8.6%
Outpatient Hospital	$ 5,255,072.31	$ 6,601,816.33	25.6%	$ 7,085,844.10	7.3%
LEA/Early Childhood Intervention	$ 5,289,562.42	$ 3,061,163.86	-42.1%	$ 4,365,153.46	42.6%
Home Health Agency	$ 3,202,518.46	$ 2,895,787.83	-9.6%	$ 2,945,000.58	1.7%
Durable Medical Equipment	$ 2,214,926.40	$ 2,674,731.32	20.8%	$ 2,759,793.87	3.2%
Hospice	$ 2,512,146.77	$ 2,667,047.31	6.2%	$ 2,397,305.34	-10.1%
NAMT	$ 1,077,547.02	$ 1,044,563.21	-3.1%	$ 1,114,517.75	6.7%
Dental	$ 555,280.12	$ 620,443.02		$ 911,894.07	
Total Top 10 Expenditure	*$ 81,842,960.56*	*$ 86,688,130.02*	*5.9%*	*$ 95,356,304.94*	*10.0%*

Table 20

MS Disabled Top 10 Categories of Service Patient Counts: All Age Groups

Category of Service	FY 2007 Patient Count	FY 2008 Patient Count	Year Over Year Growth in Patient Count 2008	FY 2009 Patient Count	Year Over Year Growth in Patient Count 2009
Inpatient Hospital	5,350	5,448	1.8%	5,782	6.1%
Pharmacy	13,183	14,835	12.5%	16,769	13.0%
Physicians	17,833	20,394	14.4%	31,203	53.0%
Outpatient Hospital	12,607	13,493	7.0%	15,647	16.0%
LEA/Early Childhood Intervention	1,667	929	-44.3%	1,177	26.7%
Home Health Agency	785	818	4.2%	914	11.7%
Durable Medical Equipment	4,573	4,945	8.1%	5,033	1.8%
Hospice	304	299	-1.6%	297	-0.7%
NAMT	2,140	2,056	-3.9%	2,086	1.5%
Dental	1,949	2,454	25.9%	3,653	48.9%
Top 10 Patient Count Total	*60,391*	*65,671*	*8.7%*	*82,561*	*25.7%*

Growth in inpatient expenditures outpacing growth in inpatient services is an indicator that the diagnoses and services related to the MS admissions are becoming more expensive.

Growth of the Disabled Population

There are many factors that contribute to the rising cost of healthcare among disabled Kansans. The aging of our population is reflected in the data. The percentage of disabled citizens increases with age.

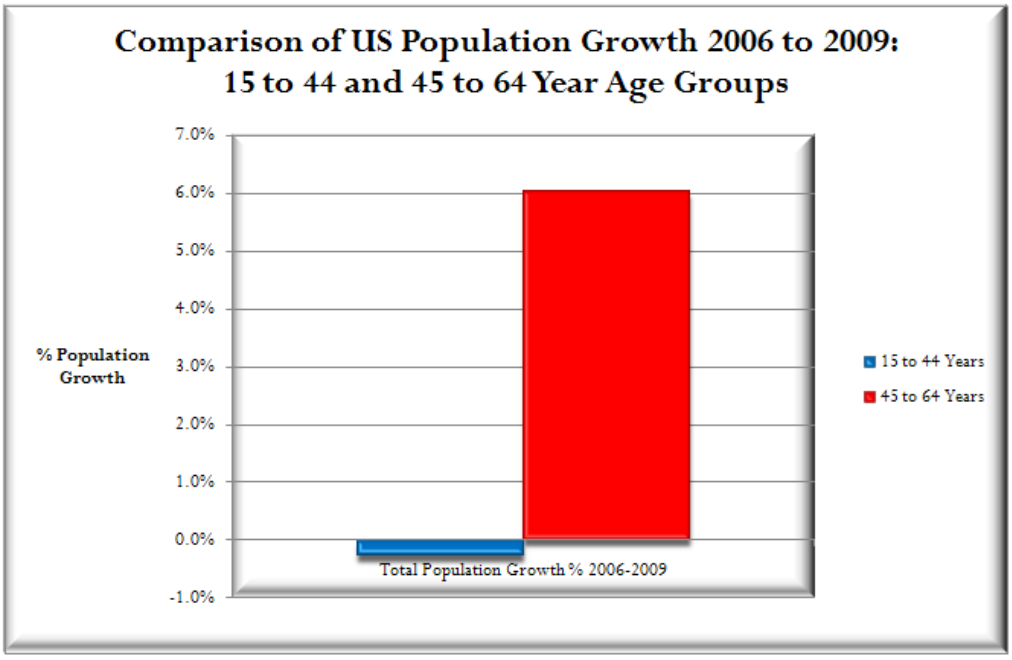
From 2006 to 2009 the total population of the United States grew by 7.6 million people or 2.5%. The 45 to 64 year old age group showed the largest increase. The increase in the 45 to 64 year age group accounts for 59.3% of the total population growth in the Unites States. Table 21 displays population numbers by age group in the United States from 2006 to 2009.

Table 21

United States Population Figures by Age Group 2006 to 2009							
Age Group	2006	2007	2008	2009	Total Population Growth 2006-2009	Total Population Growth % 2006-2009	Percentage of Aggregate Growth
Under 5 Years	20,417,636	20,724,125	21,005,852	21,299,656	882,020	4.3%	11.6%
5 to 13 Years	36,077,637	35,970,646	36,004,639	36,487,082	409,445	1.1%	5.4%
14 to 17 Years	17,240,289	17,206,962	16,931,357	16,761,477	(478,812)	-2.8%	-6.3%
18 to 24 Years	29,454,784	29,492,415	29,757,219	30,412,035	957,251	3.2%	12.6%
15 to 44 Years	126,518,355	126,258,301	126,006,034	126,173,674	(344,681)	-0.3%	-4.5%
45 to 64 Years	74,864,857	76,586,836	78,058,246	79,379,432	4,514,575	6.0%	59.3%
65 Years and Over	37,260,352	37,887,958	38,869,716	39,570,590	2,310,238	6.2%	30.4%
85 Years and Over	5,296,817	5,512,298	5,721,768	5,630,661	333,844	6.3%	4.4%
Total Population	299,398,484	301,621,157	304,059,724	307,006,550	7,608,066	2.5%	100.0%
*population numbers from US census bureua population estimates							

At the same time that the 45 to 64 year old age group has increased, the 15 to 44 year old age group decreased by 344,681. Figure 15 compares the growth rates of these two age groups, which are the two largest groups.

Figure 15



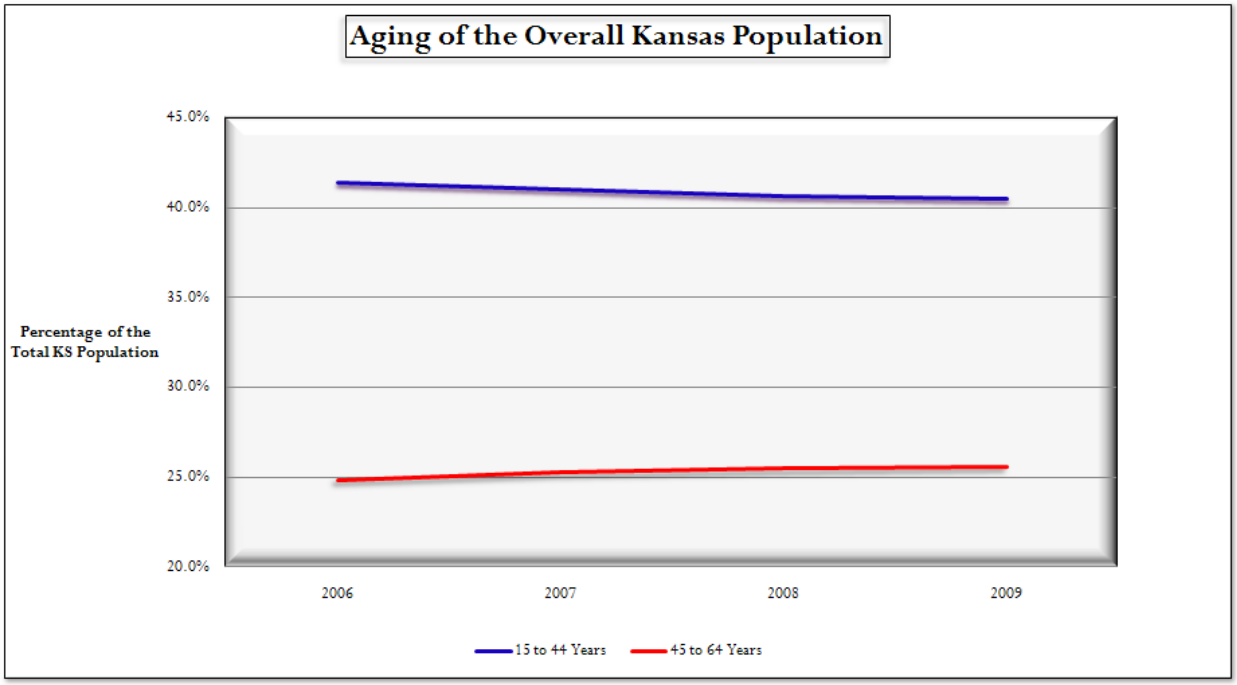
The total population in Kansas grew slightly slower than the national trend of 2% from 2006 to 2009. Table 22 shows Kansas population numbers by age group.

Table 22

Kansas Population Figures by Age Group 2006 to 2009							
Age Group	2006	2007	2008	2009	Total Population Growth 2006-2009	Total Population Growth % 2006-2009	Percentage of Aggregate Growth
Under 5 Years	194,100	196,138	202,529	205,385	11,285	5.8%	20.6%
5 to 13 Years	340,282	340,593	342,134	345,088	4,806	1.4%	8.8%
14 to 17 Years	161,455	159,351	155,822	154,478	(6,977)	-4.3%	-12.8%
18 to 24 Years	292,820	289,947	293,114	307,284	14,464	4.9%	26.5%
15 to 44 Years	1,144,991	1,139,351	1,139,193	1,141,357	(3,634)	-0.3%	-6.6%
45 to 64 Years	687,278	701,097	713,663	721,321	34,043	5.0%	62.3%
65 Years and Over	357,709	360,216	366,706	367,546	9,837	2.8%	18.0%
85 Years and Over	59,518	60,712	62,319	60,498	980	1.6%	1.8%
Total Population	2,764,075	2,775,997	2,802,134	2,818,747	54,672	2.0%	100.0%
*population numbers from US census bureua population estimates							

The total population in Kansas grew 54,672 from 2006 to 2009. The largest increase came from the 45 to 64 year age group, growing by 5.0%. Unlike the US data this was not the highest increase as the Under 5 age group grew 5.8% during that time. However, the 45 to 64 year group is roughly 3 times the size of the Under 5 population. Proportionately the 15 to 44 year age group decreased .3%, exactly the same rate as the overall US population. The 45 to 64 year age group was responsible for 62.3% of the increase in the Kansas population. Comparing the proportionate growth of the 45 to 64 year age group in Kansas against the US population indicates Kansas is aging at a faster rate than the US population. Figure 16 shows the 15 to 44 year age group and the 45 to 64 year age group in comparison.

Figure 16



In terms of health care, disabled people are much more expensive than people who are not disabled. The probability that one will become disabled increases over time. As the population

ages the combination of an older population with an increasing rate of disability will continue to push expenditures.

While the Kansas population increased 2% from 2006 to 2009, the Kansas Medicaid disabled population increased by 20.3% during that time. The MS disabled population increased at a faster rate than the SSI disabled population, but the MS population is inherently less expensive than SSI beneficiaries because of medical spend down that must be met. The 50-59 year old age group within the SSI disabled population is the most expensive group and is also the fastest growing age group in the disabled population. Table 23 shows comparison data for disabled Kansans receiving Medicaid.

Table 23

Kansas Disabled Population Figures by Population Group 2006 to 2009

Population Group	2006	2007	2008	2009	Total Population Growth 2006-2009	Total Population Growth % 2006-2009
Total SSI Beneficiaries Ages 40 to 49	9,288	9,389	9,444	9,389	101	1.1%
Total SSI Beneficiaries Ages 50 to 59	8,519	9,351	10,214	10,954	2,435	28.6%
Total SSI Disabled Population	37,567	38,390	40,241	42,250	4,683	12.5%
Total Kansas Disabled Population	69,157	72,187	77,373	83,167	14,010	20.3%

The growth in Medicaid disabled Kansans is outpacing the growth in the Kansas population. The effect of this is that more Kansans are becoming disabled in proportion to the total population. Figure 17 displays the Medicaid disabled growth and the population growth in Kansas.

Figure 17

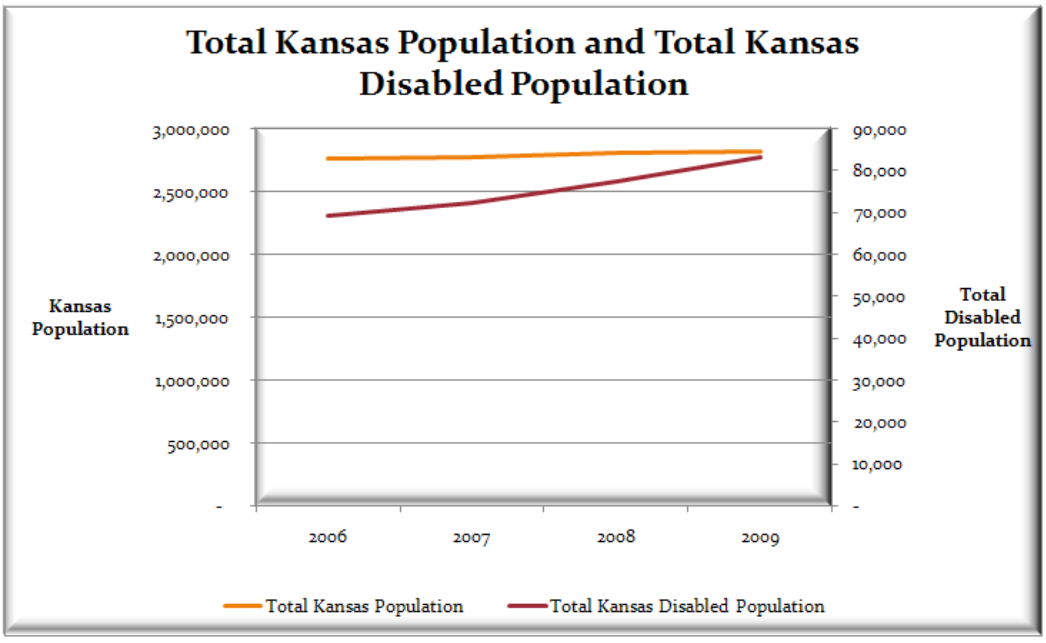
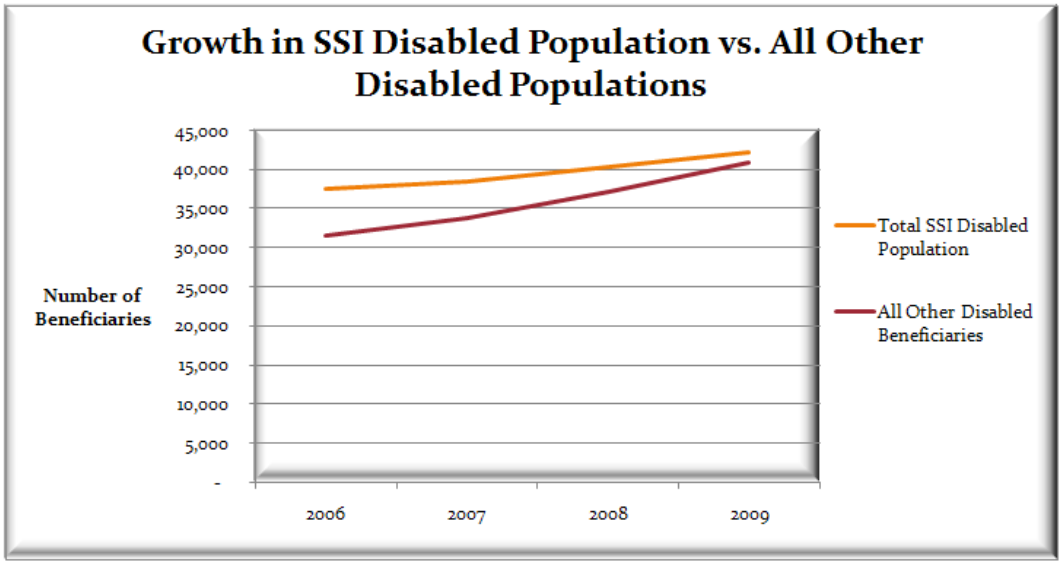


Figure 18 displays the slowly growing Kansas population and the increasing pace at which more and more Kansans are becoming disabled. As stated earlier the MS disabled population is

increasing at a faster rate than the SSI disabled population. Figure 19 shows the growth in the SSI population and the growth of the rest of the Medicaid disabled population.

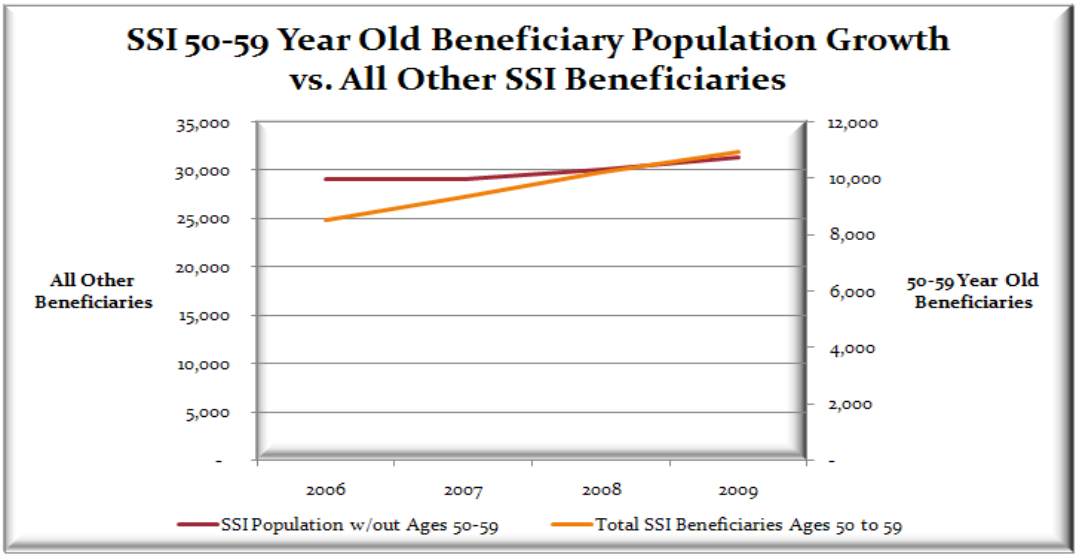
Figure 18



Non-SSI disabled beneficiaries are much less expensive in comparison to other disabled beneficiaries. Figure 18 is also an indication of the growing population that is 65 and older. This population will meet eligibility requirements and become MS eligible as they begin to exhaust their resources to pay for their healthcare.

The growth in the SSI disabled population represents growth of a population with few or no resources. With no spend down requirement the growth of this population is the biggest contributing factor to rising costs. As stated above, not only is the SSI population growing but the most expensive age group, the 50-59 year old population, is the fastest growing population within the SSI disabled Kansans. Figure 19 displays the growth in the 50 to 59 year age group within the SSI population to the growth of all other SSI beneficiaries.

Figure 19



The aging of the population increases the rates of disability within the population. The 45 to 64 year old age group is the fastest growing population in the United States and the state of Kansas. The rate at which this population is becoming disabled is acting as a multiplier for disability expenditures. The disparity in birth rates between the Baby Boomer Generation and the generations that follow will put enhanced importance on not only controlling disabled expenditures in the near future but improving the health of Kansans and Americans for the long run by managing health care and health care education at an earlier age. Of equal importance will be the education of the aging population to better manage their aging process as more and more Kansans and Americans turn to Medicaid to help pay for their health care.

Conclusions

- Previous KHPA analysis indicates that the disabled population is the foremost driver of spending in Kansas Medicaid over the last several years.
- Growth in the Medicaid disability population exceeds overall growth in Kansas' population.
- Growth in the number of disabled Medicaid recipients in Kansas is consistent with the aging of Kansas' largest age group – the Baby Boom generation.
- Increasing rates of disability for each age group may also explain some of the growth in the disabled population in Kansas Medicaid, but that question is beyond the scope of this analysis.
- High cost drivers in the Kansas disabled population are inpatient hospital costs followed by pharmaceuticals
- Overall rates of mental health services including prescription drugs are increasing
- In the MS population, 40-59 year olds are the largest group of beneficiaries, however, the fastest growing group is children 5 years and under
- Services most utilized by the MS population are:
    - Inpatient hospital
    - Pharmacy
    - Physician services
    - Outpatient hospital
- Although the MS population is growing faster, the SSI disabled population is larger and more expensive per person, and is responsible for most of the growth in expenditures within the disabled population.
- Four categories of service account for most of the expenditures in the SSI population:
    - Inpatient Hospital
    - Pharmacy
    - Physician services
    - Outpatient services
- While the rate of growth in the SSI population has slowed, expenses continue to rise
- Mental health drugs are the leading pharmaceutical expenditure in the SSI group
- Diabetes, mental health, and hypertension are the leading chronic care conditions in the SSI disabled population
- Diabetes and mental health treatment lead the expenditures for SSI beneficiaries
- Mental health conditions combined are the single largest chronic condition in the SSI population
- The SSI population often has multiple chronic conditions which explain a majority of treatment costs. Treatment costs for mental health conditions and diabetes, for example, both exceed the costs of treating hypertension for SSI recipients with a diagnosis of hypertension.

Recommendations

1. This analysis represents a significant step forward in understanding the principle cost drivers behind the state's second largest program. The analysis was made possible by a new data management system implemented at KHPA in 2010: the data analytic interface (DAI). Although data available to KHPA for this analysis was far more accessible with the DAI, some information was unavailable due to the limitations of the state's Medicaid eligibility system. KHPA has received a federal grant to rebuild this system. *The recommendation from this program evaluation is to include in the design of the new Medicaid eligibility system the capacity to track the disabled population in much greater detail to assist in understanding the disabled population and creating targeted treatment interventions*.

2. The analysis above confirms earlier KHPA reports pointing to the chronic and often multiple health care needs of the disabled population. The analysis also sheds new light on the specific and often over-riding importance of co-morbidities in this population. *The recommendation from this program evaluation is to develop payment reforms and a care coordination program to improve the health of the Medicaid disabled population, with a particular emphasis on coordination between behavioral and physical health.*